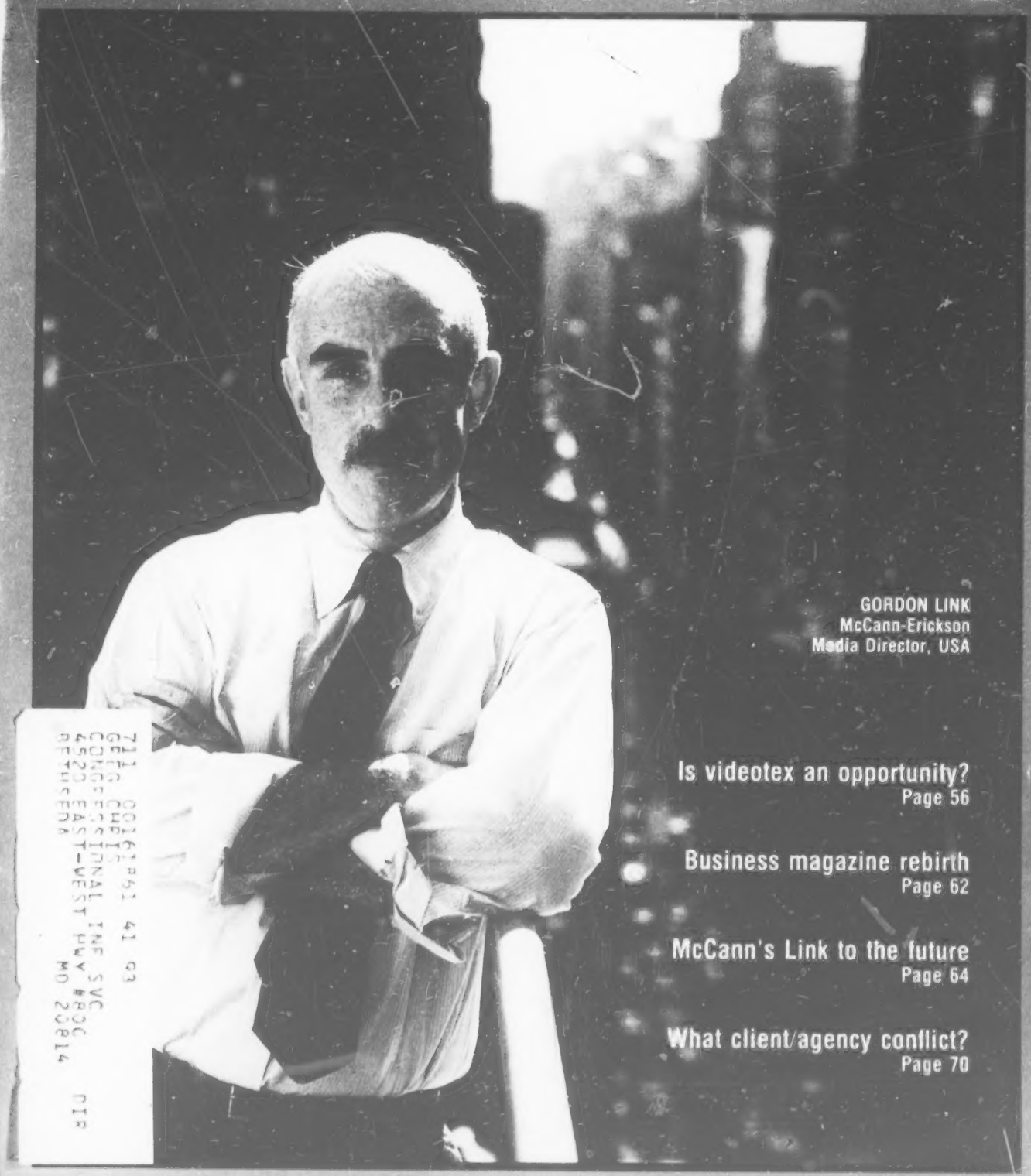
OCTOBER 1984 • $3.00

MARKETING & MEDIA Decisions



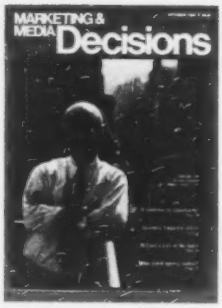
GORDON LINK
McCann-Erickson
Media Director, USA

Is videotex an opportunity?
Page 56

Business magazine rebirth
Page 62

McCann's Link to the future
Page 64

What client/agency conflict?
Page 70



CONTENTS

OCTOBER 1984, VOL. 19, NO. 13

Features

56 Is videotex an opportunity?
Agencies cite slow subscriber growth, but analysts are optimistic about long-term benefits for an infant industry.

62 Business magazine rebirth
What's happening in business is a new consumer interest. And there's no shortage of publications.

64 New media leader at McCann
Gordon Link, McCann Erickson's new USA media director, is outspoken about his plans for his department.

67 How to sweeten a market
Nutrasweet, from G.D. Searle, the new low-calorie sweetener, is facing challenges from cyclamates and health groups.

70 What agency-client conflict?
Agency execs question client claim that multiple accounts in the same product category jeopardize confidentiality.

76 Who's ready for Telescan?
A new tv broadcast verification system is ready to take the place of station log keeping for advertisers.

78 Coupons go in-store
Two new services are dispensing coupons with devices located in supermarkets.

134 Ad muscle hits electronic mail
No longer a fad for the future, electronic mail is here with multi-million ad budgets.

142 Computer, computer on the wall
Rather than gaze in mirrors, women are now asking computers for an evaluation of make up products.

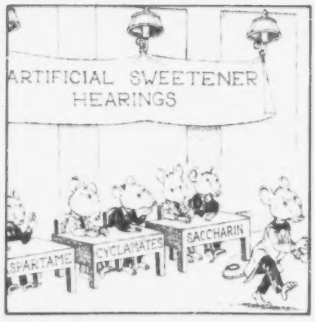
148 Rx for magazine circulation
Magazine circulation shortfalls are seldom as serious as feared.

157 Brand report 103: Personal computers
Business, large and small, is the target for numerous hardware marketers who are using consumer and targeted business media.

Focus on . . .

Telescan
(page 76)

Keith Reinhard
(page 78)



NutraSweet
(page 67)

Features

176 Computers go to school
The high school market is the major opportunity for many computer and software manufacturers.

195 Such a deal
Barter continues to be an alluring avenue for media sellers and advertisers.

Departments

2 Focus on Marketing
8 Calendar
17 Print Beat
20 Newsmakers
24 DC
25 Marketing & Media Futures
30 New in Media
38 Update
42 Futures
44 Direct Marketing
48 New Electronic Media
52 Campaigns
54 Homework
185 Broadcast Beat
188 Cost Trends

As They See It

106 Mediology
Ed Papazian

108 Research
Dawn Sibley

114 Cable
Beverly O'Malley

116 Newspapers
Jane Twyon

118 Radio
Dennis McGuire

122 Television
John Grey

124 Marketing
Norman Brown

cover photo: Lawrence Barns

MARKETING & MEDIA DECISIONS (ISSN0195-4296) OCTOBER 1984, Vol. 19, No. 13 **Copyright © 1984.** Decisions Publications Inc. Published 15 times. Executive, editorial, circulation and advertising offices at 1140 Ave. of Americas, New York, N.Y. 10036 (212) 391-2155. **Available** without charge to those personally involved in media decisions at major agencies and advertiser companies. For others, subscription prices are: U.S.A. $40 for 15 issues. Canada $50. Overseas $52 (surface mail). Airmail — add $52. Single copy $3.00. All overseas copies are paid. Second-class postage paid at New York, New York, and additional mailing offices. **Postmaster:** Send form 3579 to Marketing & Media Decisions, 1140 Ave. of Americas, New York, N.Y. 10036.

FUTURES

Diet food demand spurs flavors and fragrances market

The U.S. market for flavors and fragrances, one of the largest in the world, is expected to blossom to $5.3 billion by 1995. Growth in flavorings is expected to be especially dramatic, since diet foods and beverages, a rapidly growing segment, require additional flavors. These are the results of two separate studies, conducted by Cleveland-based Predicasts and New York-based Frost & Sullivan.

According to William Weizer, research analyst at Predicasts, processed foods represent 51% of the total end use for flavors and fragrances, and beverages, 14%. "A shift in food and beverage patterns, he notes, "is being translated into a shift in the mix of flavors used." He points out that, although overall growth rates in the flavors and fragrance markets are slowing, certain areas, particularly synthetic sweeteners, will grow faster than the average 4% this year and 2.7% between 1983 and 1988.

Frost & Sullivan points to several factors spurring growth of dietary foods and drinks: The 14% growth rate among women 25-44 — the prime market for reduced calorie foods; the fitness boom, supported by an increasing number of health studies; and even a single sweetener, aspartame (see related story, page 67). Such well-accepted categories as diet soft drinks, light beers and light frozen foods are helping the segment grow from $26 billion in 1983 to an estimated $42 billion by 1990. Reduced calorie foods, the market's largest segment, are also the fasted growing category, averaging 8.4% annual growth, to $19.5 billion by 1990. Consumption of diet foods and drinks is regional, with the South (excepting Florida) lagging.

U.S. Flavoring Agent & Fragrance Markets
SUMMARY TABLE

ITEM	1983	1988	% Annual Growth 1983-88	1988-95
F & F Cons, By Type (mil $)	2115.8	3370	9.8	6.8
Essentials Oils	257.3	365	7.2	6.0
Aroma Chemicals	254.6	385	8.6	7.9
Flavor Blends & Mixtures	342.1	530	9.2	8.2
Fragrance Blends & Mixtures	434.6	625	7.5	6.9
Other Flavor & Fragrance	827.2	1465	12.1	6.1
Acidulants	172.4	230	5.9	5.7
Flavor Enhancers	82.8	133	9.9	5.2
F & F Cons, By Type (mil lbs)	1135.4	1300	2.7	2.2
Essential Oils	116.3	132	2.6	2.6
Aroma Chemicals	66.0	83	4.7	3.4
Flavor Blends & Mixtures	61.6	81	5.6	4.5
Fragrance Blends & Mixture	33.0	40	3.9	3.2
Other Flavor & Fragrance	858.5	964	2.3	1.7
Acidulants	234.6	255	1.7	1.4
Flavor Enhancers	63.8	68	1.3	.6
End-Use Markets (mil lbs)	1135.4	1300	2.7	2.2
Flavorings	1039.6	1184	2.6	2.1
Beverages	163.0	189	3.0	2.1
Baked Goods	241.6	273	2.5	2.2
Processed Goods	573.9	648	2.5	1.8
Fragrances	95.8	116	3.9	3.2
Cosmetics & Toiletries	39.7	48	3.9	3.0
Soaps & Detergents	26.4	32	3.9	3.2
Cleaners, Polish, Deodorizer	20.1	24	3.6	2.7

Coupons at checkout

The cash register may not seem the best place to dispense coupons, but Catalina Marketing, Los Angeles, is finding that a very opportune position in the supermarket. The dispensing system is in test at six stores in Wegmans in Rochester, NY.

The Catalina system makes use of the third station printer in the checkout scanner register to produce the coupons, which are keyed to purchase. The 14 manufacturers, including Coca Cola, are allowed to identify 30 items, purchase of which triggers the scanner to print the cents-off coupon. Clients can coupon–purchase products of their own, competitive, or tie-in products. Data on coupon dispensing and redemption is kept on tape in the scanner, and sent to Catalina for analysis.

Bob Maybee, manager of market research for Wegmans, said that distribution of coupons comes in at less than one coupon per customer, but the store is providing default coupons so no customers get left out. He estimates that between 30,000 and 40,000 coupons a week are being dispensed in the Rochester chain. The program is running smoothly in the stores, with few problems in the system, he added.

Catalina expects to expand the test to stores in southern California in the near future. (See story on in-store couponing on page 78.)

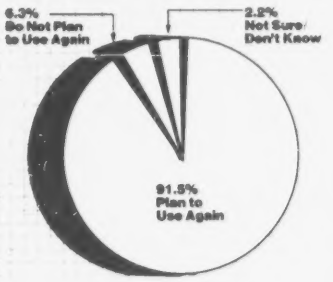
DIRECT MARKETING

Retailers high on direct mail

Retailers, traditionally newspaper, tv and radio advertisers, now have a soft spot for direct mail, according to a survey conducted for John Blair Marketing by Aaron Cohen Marketing Services. The survey polled 400 retail businesses, 45% food and food-related retailers, 47% non-food retailers, and various others, including manufacturers.

The findings indicate that retailers believe direct mail is the best medium to pinpoint advertising, avoid unnecessary duplication and to respond to retailers' needs.

Half the retailers polled selected direct mail as the print medium in which they planned to expand their advertising budget. Thirty-seven percent said they plan to increase their newspaper ad budget, and 28% plan to increase the magazine budget.



A majority of retailers plan to use direct mail again

One third of the retailers polled said they felt that direct mail was the most effective medium in keeping advertising rates in line.

U.S. agency affiliates with Japanese firm

Japan gets its first direct marketing agency as Rap & Collins, the direct marketing subsidiary of Doyle Dane Bernbach, has formed a joint venture with Dai-Ichi Kidaku Co., Ltd., to form a direct marketing subsidiary. The new company is DIK Rap & Collins Direct Marketing.

Direct marketing has not advanced in Japan to anywhere near U.S. levels. Less than 3% of all retail sales come from direct marketing, as compared with 10% in the U.S. Direct marketing business in Japan has been handled through mainstream agencies up to now, rather than specialized agencies in the direct marketing field.

DDB chairman Joseph R. Daily says the joint venture "represents a tremendous opportunity to enter a vital and growing market, one whose potential with regard to direct marketing has hardly been tapped."

Grey Direct marks Paris opening

Grey Direct runs the number of its overseas offices to six with the opening of its Paris operation last month. The new Paris office is under the direction of Hervé Pointillart, a former direct marketing executive at *L'Expansion*, France's leading business publication. One of the lures for Grey is the availability of the French teletext phone directory and advertising system, which is replacing the traditional phone book.

With the selection of Pointillart as head the Paris office, Grey continues its practice of keeping overseas offices under local management. George S. Wiedemann, Grey Direct president, said, "We find it most effective to fine-tune Grey's global vision with the local touch of managers who fully understand the culture, people and markets of individual countries. This is an essential part of effective international direct marketing."

A new president for the DMA

Jonah Gitlitz, currently senior vice president, public affairs, steps up to the presidency of the Direct Marketing Association on Feb. 1, 1985, supplanting Robert F. DeLay, who has held the presidency for a quarter of a century.

Gitlitz was selected last month after negotiations with the current Postmaster General, William F. Bolger, ended in Bolger's decision to decline the position because of probable criticism over his influence in the setting of new postal rates. "I came to the conclusion that this was not sensible for the DMA, for myself or the Postal Service." He added that perception over possible conflict of interest was the major factor.

The president designate came to the DMA in 1981 after 12 years with the American Advertising Federation, which he left as executive vp.

Who's active in direct marketing?

The Direct Marketing Association will be able to answer that question quickly with the creation of a national data base of the names of active individuals. The data base will incorporate information from membership rosters and event registrations, circulation files of periodicals, and inquiry, prospect and sales lists of supplier organizations.

Marcel Avargues, DMA senior vice president, marketing, says the professional registry "will be a valuable information resource for companies and local and national organizations who serve the field."

The DMA is also making available a pair of monographs, "The Retail Revolution: Direct Marketing" (Monograph Volume 7) and "Mailing Lists: A Practical Guide" (Volume 8).

HOMEWORK

Having interviewed 18 leaders of advertising agencies — many who shaped the nature of the business — Bart A. Cummings, chairman emeritus, Compton Advertising, has turned their remarks into an oral history of the industry, called "Benevolent Dictators."

The 344-page hardcover book offers insights into the lives, the careers and the psyches of successful marketing communicators who ruled agencies such as BBDO, Benton & Bowles, Doyle Dane Berbach, Foote Cone & Belding, Leo Burnett, Young & Rubicam and Ogilvy & Mather.

The author found several common denominators in the agency leaders, namely confidence in themselves, a skill in leading people, a belief in advertising and an adherence to discipline.

His conversations with the executives revealed how most of them did not seek to be a leader, but had that role thrust upon them. Some admit that they were ill-suited to head their agencies and others reveal the personal sorrows that their advertising careers brought them — health problems, burnout and family estrangements.

The executives also point to what contributions they made to their companies as well as mistakes, regrets and general philosophies for living and working.

The leaders differ on what they feel is a good background today, in terms of education and experience, for work in advertising agencies. If nothing else, the interviews demonstrate the many and varied paths that led to agency leadership during the last six or seven decades.

"The Benevolent Dictators" by Bart A. Cummings, sells for $24.95. To order direct, contact Crain Books, 740 Rush St., Chicago, IL 60611 or call (312) 649-5250. Add $2.50 for shipping and handling of each book.

Fairchild Books is offering a manual that tracks the textile and apparel industry. This 180-page directory includes the same type of detailed financial information as in the retail manual, such as sales and earnings. In addition, the textile director presents key data on nature of business, description of products, plant locations, personnel, and transfer agents.

The Textile & Apparel Financial Directory is priced at $40 and can be ordered directly through Fairchild books, 7 East 12th Street, New York, NY 10003.

Births will maintain a relatively high level of about 3.7 million per year during the mid-1980's, down slightly from the baby boom years (1954-1964) when births numbered four million annually, according to a new survey by *American Baby* magazine.

For the balance of the 1980's, marriages also are projected to level off. Marriages had been increasing steadily since 1975 and had reached an all-time high of 2,495,000 in 1982. An annual average of 2.4 million is predicted by the magazine for the next six years.

In another trend, *American Baby* points out that firstborns account for over 40% of total births. Most firstborns arrive within the first three years of marriage.

Marketers and advertisers of infant and child-related goods and services can obtain a free copy of the report by contacting Ms. Anna Bona Pace, American Baby, Inc., 575 Lexington Avenue, New York, NY.

BIRTH & MARRIAGE DATA

Five-Year Averages 1961-1990

	1961-1965	1966-1970	1971-1975	1976-1980	1981-1985*	1986-1990**
ANNUAL MARRIAGES (in 000)	1,661	2,031	2,228	2,267	2,458	2,255
Change +/−	+134	+370	+197	+39	+191	−203
% 1st Marriage	—	79.5	72.2	66.8	64.8	64.6
DIVORCES-ANNULMENTS (in 000)	515	591	909	1,135	1,190	—
Change +/−	+131	+76	+318	+226	+55	—
% of Annual Marriages	31.0	29.1	40.8	50.1	48.4	—
FIRST MARRIAGES TO BIRTHS 22-24 Yrs EARLIER*** (000)		1,615	1,609	1,515	1,592	1,457
%		43.9	42.9	37.1	37.7	38.3
TOTAL BIRTHS (in 000)	4,063	3,592	3,251	3,387	3,691	3,694
3rd/Higher Birth Order % of Total	48.6	37.4	30.5	26.0	24.2	23.4
FIRST BIRTHS (in 000)	1,127	1,310	1,308	1,428	1,590	1,566
% First Marriages (3 Previous Yrs)	—	—	26.5	31.3	33.6	34.9
% Total Births	27.7	36.5	40.2	42.2	43.1	42.4

* Includes Provisional data 1982-1983 + 1984-1985 Estimated
** All years estimated
*** Median age first marriage: Women 22, Men 24

MARKETING & MEDIA Decisions

NOW — You can buy single copies $3.00 each at your local newsstand.

Available in:

ATLANTA
BALTIMORE
BOSTON
BUFFALO
CHARLOTTE, NC
CHICAGO
CLEVELAND
DALLAS-FT. WORTH
DENVER
HONOLULU
HOUSTON
INDIANAPOLIS
LOS ANGELES
LOUISVILLE
MEMPHIS
MIAMI
MILWAUKEE
MINNE.-ST. PAUL
NEW ORLEANS
NEW YORK
PHILADELPHIA
PITTSBURGH
PORTLAND, OR
SAN FRANCISCO
SEATTLE
TULSA
WASHINGTON
and 81 other cities:

For the address of your local newsstand, phone Lisa Hunt. (212) 255-5620

CABLE
by BEVERLY O'MALLEY
Vice president, director of electronic media, Dancer, Fitzgerald, Sample

Cable at its best

So the broadcast networks think politics is a bore!

Politics is *not* boring, and even if it were, it's news, it's good business, and it's American. During the recent Democratic Convention, it was left to two cable networks to provide the kind of coverage ABC, CBS and NBC used to provide routinely.

In July, the networks debated the merits of political convention coverage with the ultimate insult coming from ABC whose vice president of News called it a "dinosaur" event. CBS News president countered ABC's convention comments with holy outrage, saying that "those who choose to characterize them as dinosaurs . . . do so with some degree of cynicism about our election process." And NBC remained in the background, agreeing only that future conventions may or may not be newsworthy.

Whatever the networks said with their words they acted with common deed. Each aired only two to three hours of convention coverage daily. ABC even found the proceedings less worthy than 20 minutes of a *Hart to Hart* re-run which was broadcast while waiting for Jesse Jackson to step up to the podium. In contrast, *Cable News Network* and *C-SPAN*, the official network of the Congress, covered the event gavel-to-gavel, 6 1/2 to 10 1/2 hours daily. With *C-SPAN*'s camera pointed only to the speaker's dais, advertiser-supported *CNN* gave the networks a real run for their money with its lively, fresh, professional coverage and commentary of events as they unfolded. Yes, there was the hoopla and show-biz that have reduced the meaning of the convention process. But

C **Tuesday night shares in the CNN universe**

	%
ABC/CBS/NBC Convention	31
Cable News Network	3
Other Ad-supported Cable Networks	14
Pay Cable Networks	22
Superstations and Indies	36

NHI, July 1984

A **CNN Convention Ratings**

	Before the networks came on	Against the networks	After the networks signed off
Mon. (Cuomo)	1.8	1.4	1.7
Tues. (Jackson)	1.4	1.6	2.0
Wed. (Hart/Ballotting)	1.9	2.8	1.2
Thurs. (Ferraro/Kennedy/ Mondale)	1.5	2.0	—

NHI, July 1984

B **ABC/NBC/CBS Convention Shares**

	Nationally	in the CNN universe	% Share decline
Mon. (Cuomo)	40	32	(−20)
Tues. (Jackson)	48	31	(−36)
Wed. (Hart/Balloting)	47	42	(−11)
Thurs. (Ferraro/Kennedy/ Mondale)	45	33	(−27)

NHI, July 1984

Own A Piece Of Paradise

Ask anyone in San Diego why they call their city Paradise.

Some will tell you it's because of the year-long temperate climate. Still more of them will tell you it's because of the standard and style of living they enjoy. With a combination like that, it's no wonder that more and more people come to live in this Paradise each year.

San Diego, with a county population of nearly two million people, ranks as the second largest city in all 11 Western states and represents more than $20 billion in buying power. If you have something to sell, you'll sell it in our Paradise.

But not every media buyer knows that. There are some who make only the basic Los Angeles newspaper buy, and assume they'll reach the heart of Southern California, including San Diego.

But to reach Paradise in Southern California, The San Diego Union and The Tribune are essential to your schedules.

The San Diego Union and The Tribune reach 55 percent of all adults in Paradise. In just one daily combination. What's more, you'll reach 84 percent of the $35,000+ households in a five-issue campaign.*

The basic Los Angeles buy just can't do that. In fact, The San Diego Union and The Tribune deliver eight times the penetration of any Los Angeles newspaper in San Diego.

So make sure you own a piece of Paradise when you make your next major media buy. Buy The San Diego Union and The Tribune.

*Based on 1983 Scarborough Study

The San Diego Union
The Tribune

Member of Newspian
Represented nationally by Sawyer-Ferguson-Walker

there was also real business at hand covered well by cable and not at all by the broadcast networks: the afternoon/early evening battle over the platform, the drama of Andrew Young's speech, and the ensuing "unity" press conference which followed with Mondale/Hart/Jackson.

It is reassuring to know that *CNN*'s decision to follow the full Democratic Convention (the Republican one is yet to be as of this writing) generated healthy ratings as well, more than *double* the *CNN* norm for the time period. In fact, *CNN* was able to prove that there is still an audience for convention coverage outside of prime time. Even head to head against the networks in prime time, it garnered its highest 3.7 average quarter-hour rating during Gary Hart's speech to the delegates. (Chart A.)

What happened to the broadcast networks in the *CNN* universe (33% of the U.S.) on each of the nights of the convention is yet another story. ABC/NBC/CBS achieved their highest national ratings on Tuesday night as Jesse Jackson spoke (as contrasted with *CNN*'s peaking during Hart's hour on Wednesday). Conversely, in *CNN* homes, the networks suffered a 36% loss of audience on Jackson night, the sharpest decline of the week. (Chart B.)

What were those *CNN* subscribers viewing instead of the networks during Convention week, and particularly on Jackson night? Would that the story end with the process of government beating out more trivial pursuits in the ratings game! Zeroing in on Tuesday night, we learn that the greater alternatives, the more likely the viewer is to choose. While *CNN* got *some* of the non-network audience, subscribers also opted for the other cable networks, both pay and basic, the superstations and the independents. (Chart C.)

Government 101 surely taught us all that the American political process is an extraordinarily clumsy, inefficient system. Town meetings take time. Jury trials take time. Everyone seems to have his say. To the most cynical, modern day conventions are nothing more than the product of the television control-room ("Gimme a young face, gimme a black face, gimme some tears — hold on those tears, now find me a woman!" . . .). But to others, it's a system that works and it is precious; and it deserves to be aired on television as much as the unprecedented 180 hours that ABC devoted to the Olympics.

Whether disappointing or otherwise, there are indeed observations to be made about the dynamics of television during Democratic Convention week:

- The networks' best night nationally (Jackson) as their worst night in the *CNN* cable universe.
- *CNN* with its more selective demographics peaked its ratings on Yuppie night (Hart).
- In duplicating coverage of a single event, *none* of the broadcast networks came away satisfied with their share of audience. Perhaps their "civic duty" should be rotated amongst them rather than have them threaten not to carry future conventions at all. Or perhaps they should cover the conventions *differently*, with more pickups and interpretation of the day's events.
- Cable did itself proud in providing the election coverage, gavel-to-gavel, that our political system requires, giving the electorate at least the choice of watching governments in action. ■

NEWSPAPERS
By JANE TWYON
Senior vp, group media director
N W Ayer, New York

The *NAB*'s "Can-Do" program

The status of the newspaper planner is low. This rank has a great deal to do with the fact that planning a newspaper campaign does not have the glamour or creativity that exists in magazine or

1984's magazine circulation picture

Mass magazines are holding, while special interest books are booming this year. Readers are paying more and passing along more. Agencies plan with "total audience," but keep an eye on the rate base.

Media planners coming back from their Labor Day idylls found three new reports for them to evaluate on their desks, all measuring the state of the magazine medium:

- The Audit Bureau of Circulation's 1984 Magazine Trend Report traces the five-year movements of 128 leading consumer magazines.
- ABC's "Fas Fax" report shows what happened to magazine circulations in the immediate six-month period ending June 30, 1984.
- SMRB's audience study of magazines — the book that reach-and-frequency calculators reach for — has brought out its first volume reporting total audiences for the 122 measured magazines.

ABC's study measures the five-year circulation trends of the different magazine classifications. (See table at right.) It shows the old established magazines consolidating their positions, with the special interest books in new areas of interest registering the big gains. One classification that shows a five-year decline — newsweeklies — is due to ABC's system of classification (see Print Beat, page 17).

The Audit Bureau restricts its report to magazines with average paid circulations of at least 300,000 and annual advertising revenue of at least $1 million. In 1980, 76 magazines made this grade; in 1983, there were 128. Of the 31 added this year, there were four each from the following classifications: *Health, Home Service, Country Living, Hobbies*. *Oui* was the lone dropout. Its "Fas Fax" document for June 30, 1984, continued to record these trends.

Of the 398 magazines reporting their circulations for the latest six-month period, 257 show gains over the June, 1983 period. Most dramatic gains are in the new books in the fast-growing fields of interest. But the mass circulation books are holding their own, with the exception of the men's magazines.

Some of the Fas Fax specifics:

- *Reader's Digest* slipped 1.6% to 18.0 million, still a quarter million over rate base. *Tv Guide* was up just 0.4% at 17.3 million, but subscriptions climbed almost to the level of single copies. *People* held at 2.7 million.
- The mass women's books had small declines of 2.3% or less with two exceptions. *Family Circle*'s every-three-weeks frequency clipped 4.1% from its circulation, leaving 7.0 million. Hearst's *Redbook* revival turned in a 1.5% gain. Working on their smaller bases. *Working Mother* added 24.0%; *Working Woman* added 15.4%.
- The women's fashion books — *Cosmopolitan, Glamour, Mademoiselle, Vogue* — all continued their growth, with special strength at the newsstands. *Self* stayed over the million mark converting single copies to subscriptions.
- The largest change in the three big newsweeklies was a 1.9% shaving of *Time* to 4.6 million.

At the same time, circulation was stable at *Business Week, Forbes* and *Fortune*. But at the smaller business (and smaller base) books, *Inc.* was up 25%, *Venture* was up 15.4%. The personal business book, *Money*, gained 16.0%.

Among the science books, *Discover* added 6.3% but missed the million mark by less than 10,000. *Smithsonian*

Five-year circulation trends by classifications
Counting 1979 as 100, 1983 circulations were:

Gardening	388.4
Science	317.3
Travel	196.6
Fishing & Hunting	152.2
Health	134.9
News — bi-weeklies	130.0
Business & Finance	121.3
Home Service & Homes	120.9
Crafts, Games, Hobbies	120.0
Brides, bridal	118.8
Women's Fashions, Beauty	118.0
General Editorial, Contemporary	116.5
Epicurean	114.0
Motorcycle	113.5
Music	111.4
Photography	110.3
Sports	108.4
Automotive	104.7
General Editorial	102.9
Women's	101.4
Newsweeklies*	98.0
Fraternal, Clubs, etc.	97.7
Youth	94.7

* See Print Beat page 17.

Source: ABC 1984 Magazine Trend Report

topped two million with a 7.3% gain.

In the young and old category, *Seventeen* jumped 11.3% to 1.7 million. *Young Miss*' 10.3% gain topped 800,000. *Modern Maturity*'s membership circulation added 12.1% to hit 9.9 million.

Meanwhile, in the "to your health" category, *Prevention* topped 3 million with a 15.1% rise. *Health* gained 13.8% and is now within breathing distance of one million.

The Runner jogged 18.5% further to top a quarter-million. Health fans

"Audit Bureau of Circulations' "Fas Fax" for 1984's first half shows gains for 257 of 398 books."

flocked to build respectable circulations for lesser-known books: *American Health* (611,834); *Muscle & Fitness* (408,662); *Shape* (462,081).

On the other hand, *Penthouse* dropped 7.3% to 3.2 million, although *Playboy* held its loss to 50,000 to stay above the 4.2 million mark. *National Enquirer* dropped below 5 million for a 7.1% loss.

Among the boondocks books, good old *Grit* was down 26.5% to 570,000, but that newcomer, *Country Living*, soared 31.9% to crack the million mark.

And, of course, those hot, hot computer books. There is an overflow crowd of both paid (ABC) and controlled (BPA) books. The ABC standouts are shown here. *Computer & Electronics* and *Personal Computer* both broke the half million mark. *Byte* and *Compute!* cracked 400,000, the latter more than doubling its level of June 1983. *Popular Computing* broke 300,000.

SMRB counts the "total audience."

"Our top media people examine the ABC figures on magazines," says Doyle Dane Bernbach's senior vice president media, Paul Zuckerman. "But at the planner level, the on-line data that's on computer, all ready with demographic target breaks, and ready to compare with other major media on a reach and frequency calculation, is what's being used today."

1984 SMRB Total Audience
(millions)

Mass general magazines	
Tv Guide	42.766 (+13.0%)
Reader's Digest	40.046 (+2.1%)
National Geographic	22.129 (+5.1%)
People	21.070 (−3.5%)
General women's magazines	
Better Homes & Gardens	22.203 (+6.6%)
Good Housekeeping	20.353 (+3.0%)
Family Circle	19.639 (+3.9%)
Woman's Day	16.320 (−9.5%)
McCall's	16.122 (+0.7%)
Ladies' Home Journal	14.797 (+9.0%)
Redbook	2.590 (+11.4%)
Newsweeklies	
Time	22.054 (+2.7%)
Newsweek	16.527 (+3.3%)
U.S. News & W.R.	10.353 (+15.9%)
Sunday magazines	
Sunday	52.799 (+14.8%)
Parade	51.293 (+6.2%)
Family Weekly	23.924 (−3.8%)
Top 10 percentage movers	
Inc	1.398 (+80.7%)
Health	2.987 (+44.3%)
Country Living	3.746 (+39.5%)
Working Mother	1.496 (+38.9%)
On Cable	2.209 (+34.4%)
Working Woman	1.851 (+31.9%)
Changing Times	3.400 (+28.1%)
Seventeen	3.923 (+26.6%)
Metropolitan Home	1.504 (+25.6%)
Prevention	5.792 (+25.3%)

SMRB's 1984 study — just out — shows gains in total audience for 91 of 115 measured magazines. Principal gains are in passalongs, and the question is being asked: "Are people paying more visits to dentists and beauty shops today?" The answer could very well be that today's average single copy price of $1.97, and subscription rate of $21.53, make magazines an item that more and more people are sharing. Fastest dollar volume growth in the magazine field has been the contribution from the reader. For the first time circulation income exceeded advertising income in 1983, according to the Magazine Publishers Association/ Price Waterhouse financial survey.

SMRB's readers-per-copy analysis showed no surprises among the leading books; although some special interest books shone. Head and shoulders above the whole medium was *Popular Hot Rodding* with 11 rpc's. *Good Housekeeping*'s 4.03 rpc's continued to raise its audience standing above its circulation standing in the big women's books, which were all in the two rpc's area. *Business Week* (6.04) stood out against *Forbes* (3.59) and *Fortune* (4.62).

All three newsweeklies had good passalong, with *Newsweek* again outpassing *Time* which has more subscribers to begin with. Interestingly, newsweekly readership is evenly divided between men and women, at least where *Time* and *Newsweek* are concerned. Only at *U.S. News & World Report* do the men outnumber the women almost two to one.

The expected reader favorites ran true to form. *People* had 7.96 rpc's; *Life* 7.11; and in the black market *Jet* had 7.74. Special interest standouts were *Sports Afield* (6.90); *Cycle World* (6.80); *Gentlemen's Quarterly* (6.26).

How many made rate base in 1983?

Although the media planner works with total audience figures, clients usually insist that the agency keep its eye on one ABC number: the circulation guarantee or rate base. Both Doyle Dane Bernbach and Warwick Advertising, who share a major account, tell us they check every single issue in which that client's ad appears, and if any one ad fails to achieve its promised circulation, they ask for and receive an adjustment in the form of additional space.

Of the 128 magazines in ABC's five-year-trend report, all but six base their rates on an average circulation guarantee over the six-month audit period. The exceptions are the two bridal books that have a paid circulation turnover, and some fast-growing special interest books like *Shape* and *Muscle & Fitness*, whose circulations, mostly single copy, are hard to estimate.

Of the 120 magazines putting their

Continued on page 154

guarantee on the line, all but 19 made it in 1983. These included several books whose circulation shortfalls and rebates have been in the news, such as *Grit*, *Nation's Business* and *Us*. It also included some of the fastest growing books such as *Inc.* and *Prevention*, as well as *Food & Wine*, which were a bit too optimistic in predicting their circulation growth.

However, ABC's Fas Fax for the first half of 1984 show all but three of the 1983 shortfall-ers now exceeding their rate base. These are *Grit*, *Saturday Evening Post* and *Us*.

Debbie Solomon, who follows print media for Leo Burnett, points out that there are also a number of magazines delivering sizeable bonuses over rate base. The ABC report shows a 1983 bonus of 661,000 for *Cosmopolitan* and 368,000 for *Reader's Digest*. Magazine Publishers Association added up all the magazines in the report and claims over the five years, magazines delivered 539 million bonus copies, or an average of 3.3% over rate base.

Six months or issue by issue?

Through the years, publishers have guaranteed their six-month averages because traditionally magazines have been regarded as a sustained-campaign medium. But advertisers today who are scheduling short flights or one-shot promotions are looking at the issue-by-issue variations in the ABC statement.

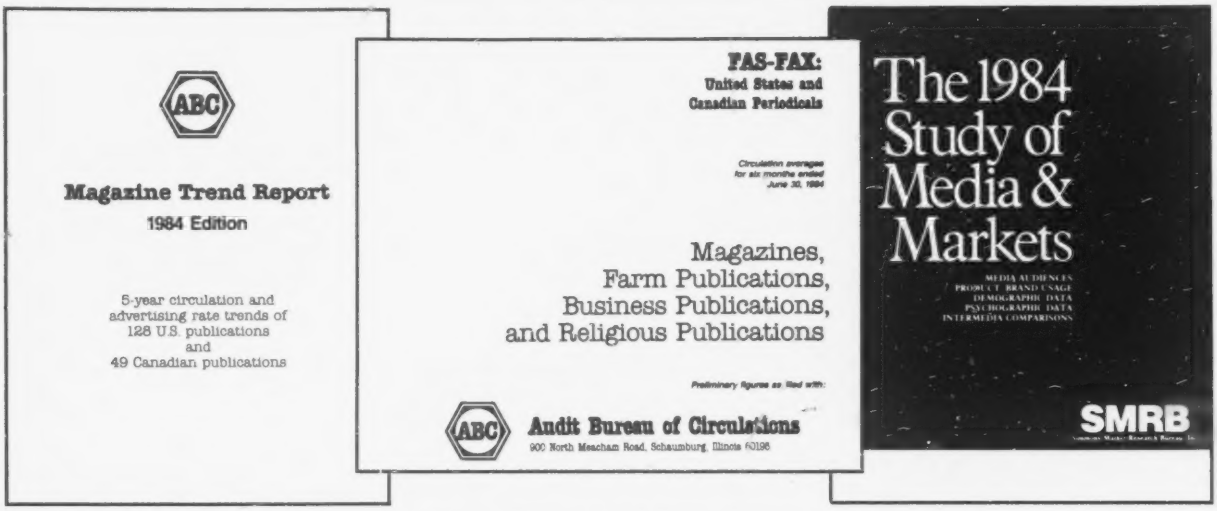
The problem depends largely on the percentage of single-copy sales in a magazine's circulation. *Better Homes & Gardens*, with 92.9% subscriptions, can count on a stable circulation month after month. Subscriptions account for over 70% of all circulation, so the problem is concentrated in just a few books with heavy newsstand circulation.

"Of 120 leading magazines, all but 19 made — or exceeded — their rate base in 1983. In 1984's first half year all but three closed the gap."

The two store books, *Family Circle* and *Woman's Day*, which are practically all newsstand, have been addressing this situation since the 1970s. Their circulations peak in the fall pre-holiday months, fall off in the "morning after" month of January, and again in the summer vacation months.

Family Circle, which now publishes 17 issues, has set four rate bases, ranging from 6.8 million for the first January issue to 8 million for October through December. *Woman's Day*'s 15 issues carry three rate bases, ranging from 6.8 million for the summer months and first January issue to 7.2 million for the busy fall season.

People magazine is in the most challenging position of all. Time Incorporated launched this book as 100% newsstand with just seven on-sale days to achieve its circulation. With a fickle newsstand buyer who judges a magazine by its cover face, *People* has gradually built 37% subscriptions, but still has a volatile circulation. *People* was the first magazine to announce an


ABC
Magazine Trend Report
1984 Edition
5-year circulation and advertising rate trends of 128 U.S. publications and 49 Canadian publications
FAS-FAX:
United States and Canadian Periodicals
Circulation averages for six months ended June 30, 1984
Magazines, Farm Publications, Business Publications, and Religious Publications
Preliminary figures as filed with:
ABC
Audit Bureau of Circulations
900 North Meacham Road, Schaumburg, Illinois 60196
The 1984 Study of Media & Markets
MEDIA AUDIENCES
PRODUCT BRAND USAGE
DEMOGRAPHIC DATA
PSYCHOGRAPHIC DATA
INTERMEDIA COMPARISONS
SMRB

"IBIT" rate base policy. This "issue-by-issue taily" allows an advertiser to average the circulations of the specific issues he has used against the rate base. If there's a shortfall, the advertiser gets a credit to be used for future space purchases.

As the designers of IBIT moved into other Time Incorporated magazines, the same guarantee showed up at *Sports Illustrated* and *Time*. Several monthlies now also offer similar guarantees: *Reader's Digest, Better Homes & Gardens, Parents, Ladies' Home Journal, Young Miss* and *Discover*. With the stability of subscriptions and with 30 days to sell the copies put on the stands, monthly books aren't risking too much with IBIT offers.

Doyle Dane's Paul Zuckerman expresses the agency attitude: "Sure, these IBIT magazines are mostly the safe ones. Even with *People*, we've collected at times but the amounts were insignificant. But the important thing is that they came forward to us to recognize a potential problem. We don't have to go to them and use our clout if anything falls short."

Lionel Kaufman

OUR COMBINATION GIVES YOU A LOCK ON PHILADELPHIA

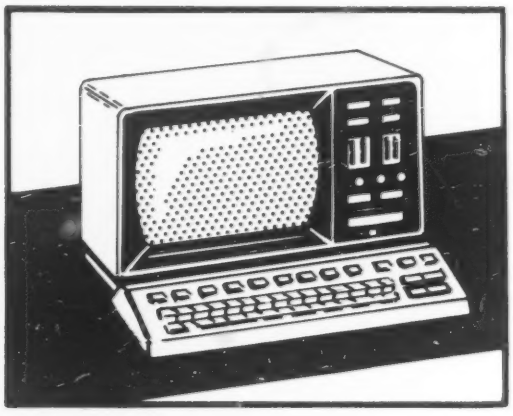
Of all the daily-combination buys in the United States, one has to be the largest.
The Philadelphia Inquirer and Daily News is. By far.
Our total circulation is 849,000, making us the unquestioned base buy in America's #4 market.
Successful marketing is no secret. All you need is the right combination.

THE PHILADELPHIA Inquirer AND PHILADELPHIA DAILY NEWS

The largest daily-combination buy in America

For your own lock on the market—in solid chrome—contact your nearest Knight-Ridder Newspaper Sales representative

SOURCE: ABC Audit Reports for 12 months ended March 31, 1983.



Homing in on business market

The personal computer manufacturers focus on the businessman, in Fortune 2000 companies down the line to small business. But marketing tactics still rely too much on technical details, instead of business needs.

Personal computer marketers are intensifying their already hot pursuit of the business community. Disappointing results in the home market — 3.2 million sold there in 1983, instead of an optimistic 5 to 6 million — have warded off all but a hardy few, and redirected the focus to corporate America. Yet this business target is only deceptively familiar: unlike the enthusiasts and serious business users who were the first to computerize and currently represent a 10% penetration level, this third tier is only just beginning to see the business applications proferred by a personal computer. This more reluctant business buyer spans the range of corporate structures, from the Fortune 2000 organizations to the 14 million small businessmen who operate out of their homes. In larger corporations, the best prospects are with middle and upper management who will use the personal computer to perform complex business configurations more quickly and efficiently, rather than clerical data processing departments, which are pretty well equipment saturated.

The computer manufacturers are poised for this change in the market. Unsophisticated as this customer is at computer specificities, he is well aware of his business needs, and is eager to learn how the personal computer can help solve business problems. Unfortunately, too many marketers still favor the technical, jargon-ridden approach more comprehensible to technocrats, and are having trouble tapping into this market.

Despite this lag in tactics, the manufacturers are aware that their target has broadened — loosely defining it as "business and professional," "Fortune 2000," or "small businesses." Accordingly, they have spread the media dollars more widely into general interest business publications and, especially, into television. All this costs money, and companies are emptying their pockets: in 1983 the leading spenders in the category already averaged $10.8 million in television. But for the first quarter of 1984 alone — the slowest season — the 10 leading television advertisers had already put an average $4 million behind their products. Predominantly business-oriented companies like IBM, Hewlett-Packard, and Wang placed high on this list, as did companies such as Commodore, with a 27% share of the home market. The latter steadfastly maintains that there is still strong penetration potential in the home segment, as does Apple, which is seeking to obtain greater share.

Yet some analysts find the advertising figures a more accurate gauge of a company's aggressive stance toward competitors, rather than a sensitivity to

1983 Advertising expenditures, personal computer manufacturers

Company	Total	Mags	Supps	Net tv	Spot tv	Net radio	Spot radio	Outdoor	Newspapers
Apple	$24,911.0	$ 7,041.0	—	$11,185.2	$1,488.9	—	$ 17.6	$55.5	$5,122.8
Compaq	613.4	464.1	$ 37.6	—	—	—	—	—	111.7
Hewlett-Packard	9,761.6	3,527.4	—	—	2,327.0	—	350.0	—	3,831.6
IBM	45,177.2	10,904.1	387.7	26,693.7	4,798.5	$507.2	52.7	20.4	2,330.0
T/RS	16,652.0	2,564.6	—	12,877.7	9.7	—	1,200.0	—	—

Source: LNA, RAB, NAB.

the target audience. Indeed, advertising budgets for some of the field's smaller companies have doubled and even quadrupled over the past year. One Wall Street analyst, who insists on remaining anonymous, notes that one of Apple's cleverest moves was the much-publicized announcement of a $100 million ad budget for 1984. This monumental figure, he explains, is calculated to make competitors quake at the prospect of joining such an uneven battle. "It's to Apple's advantage to raise the ante," he points out. "As their ad costs remain a pretty fixed proportion of revenues, the game gets smaller and smaller."

Another part of the marketing mix getting a boost is the companies' relationship with dealers. Despite the growth in value-added resellers — middlemen who will modify existing products to suit a company's specific needs — the dealer remains an important link in reaching the corporate client. About 70% of the buying decisions and more than 50% of corporate sales are made by the local dealer. In the wake of price adjustments, some marketers have countered by increasing dealer incentives and even supporting them with co-operative ad dollars. Another reason dealers have become more important is that the new business prospect's buying habits are different from those of his savvier counterpart. Explains James Edgette, marketing vice president for Entré Computer Centers, a national chain which sells networks, "We're dealing with a consumer who knows that buying a computer is something he must do. The sophistication of that buyer isn't increasing," he says. "But his realization that there is a right way and a wrong way to buy a computer is."

That right way, he continues, is to find the system suited to specific business needs — and the wrong way is to be swept away by electronics alone. To reach this mass of truly first time users, most analysts agree, the personal computer companies will have to steer clear of technical descriptions and analyze business' needs.

Just as business marketers are shifting their strategy, so too must the home computer manufacturers who have dwindled in number as the marketplace failed to live up to expectations and became chaotic. Up to now the industry's main tack has been to play on parents' fear that, "The kid who doesn't have a computer will be left behind," as one analyst puts it. This approach has not been universally convincing, as Joan Grim of Dataquest, the computer market research firm, explains. Among the 90.6% of households not owning computers, the most frequently cited reason is "don't need one." With the nation's demographics showing fewer school-age children, and the computer makers lack of another compelling buying reason, home sales have slackened.

Then, too, some computer companies were slower to understand that video games alone could not sell machines priced as high as $1000. Within a year of each other, two major forces in the home market have shown the rest of the industry the perils of marketing errors in this segment: Texas Instruments' complete withdrawal, after losses in the millions, was accompanied by product dumping, while ever-escalating losses at Atari found Warner ready to just about give its unlucky subsidiary away. Some analysts, as a result, say the future of the home market is murky: Most computers are still too expensive for the mass of Americans, who are dissatisfied at the limited applications of recipe-filing or checkbook-balancing.

If there is a home market at all, says Jack Godler of *Computer Advertising News*, it will be in home education applications, below the $500 price point — where 67% of home computer sales are made. It is this selling point that has fueled the efforts of the remaining manufacturers. Coleco, the toy company which last year baffled analysts and dismayed retailers with wildly divergent announced delivery schedules and actual shipments for its new Adam computer, is having another go with the model, which comes complete with printer. A revamped marketing operation supports a $15 million spot television budget for the home machine, targeted at middle-income households. The refitted approach leans heavily on a home education theme: The Adam program promises buyers a $500 scholarship toward college.

Likewise, Commodore shows no signs of abandoning an underpricing strategy that has outsmarted all rivals: the "all-purpose home machine," explains a company spokesman, is priced under $200. With new higher priced models in the works, the company is hoping to broaden its base into the work-at-home business market. The company is still tangling with Atari, its most persistent rival. The former Warner Communications subsidiary, recently taken over by aggressive ex-Commodore president Jack Tramiel, is still pugnacious, despite problems ranging from a lack of products and profitability as well as a management once again in the throes of shakeup. Tramiel has trimmed his company to a skeletal staff and cut into advertising

plans as well. Significantly, he has lowered the price of the 800XL home computer from $300 to a competitive level with Commodore's $200 64 model. Despite announcements of a forthcoming product line, some analysts see Tramiel's position as a gamble that may take more than a year to show any returns.

IBM

International Business Machines (IBM) maintains the number one position it wrestled away from Apple in 1983, with a 36% share of shipments in 1983 (25.3% worldwide). The company splits its marketing tactics into a two-pronged strategy. The company's highest share is in large organizations, according to International Resource Development (IRD), the Norwalk, CT-based research firm, which defines this segment as companies with more than 100 employees. There, IRD projects IBM will sell at least 50% of the 1.8 million personal computers large organizations will buy in 1984. A direct sales force concentrates on this most coveted segment of the business market, where individual sales are likely to be larger and more profitable.

IBM's personal computers — the original PC, the XT, PCjr, and now the AT — are designed to snare customers beyond those likely to have an IBM mainframe. Accordingly, IBM's advertising is geared to catch the small businessmen and middle-level professionals who are projected to be the buyers of 1.1 million PC's. Last year, IBM spent half its +$65 million advertising budget on television, and another $27 million on business publications. The familiar Chaplinesque figure has been kept as an umbrella for the entire PC line, this year to the tune of $100 million.

Not all IBM's offerings have met with equal success. When the company introduced its PCjr model, a personal computer IBM hoped would find a reception in the home as well as office because of its $999 price point, almost

Test market for food? Springfield is No. 1 in sales per household among "The Big 7" New England metros!

The Survey of Buying Power, 1983.

Right! The Springfield Newspapers reach 84% of the metro market!

Morning Union. Daily News. Sunday Republican.

The Springfield Newspapers have the best unduplicated reach of any New England daily with over 50,000 circulation!

- No. 1 in A.D.I. coverage in New England.
- No significant infiltration by out-of-town newspapers.
- Distribution center for drug products, soft drinks, liquors.
- Buying headquarters for 76% of food sales.

Call Joseph V. Asciodi (413) 788-1027

The Springfield Newspapers

Largest in Massachusetts Outside Boston

KIWANIS
A MAGAZINE FOR COMMUNITY LEADERS

Some people are just discovering American small business. *KIWANIS magazine has been addressing its leaders for over 65 years.*

KIWANIS magazine readers in business are:

82.9%	Professional Managerial
45.9%	Top Executive
74.5%	Have Purchasing Influence/Make decisions for their firms
49.1%	Are personally involved in their companies' purchase of Employee Group Life/Health/Accident, Pension/Retirement, and/or Casualty Insurance

Source: AAMS, April 1984 Subscriber Study. Complete Copy available upon request

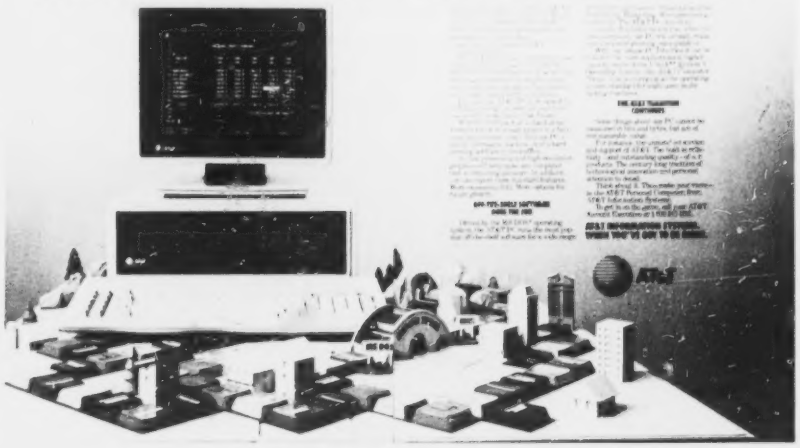
KIWANIS magazine's audience of top executive, small business and professional decision-makers are not reached by the other small business publications. Only 3.8% of our readers read Inc. magazine. Only 1.5% of them read Venture. Nation's Business reaches just 9.2% of KIWANIS magazine's readers.

KIWANIS magazine not only reaches this exclusive, quality audience of small business leaders, but we do it extremely efficiently. Compare us by cost per thousand paid circulation, by CPM readers, professional/managerial, actual purchasing decision-makers for business, etc. with any publication offering a similar quality business audience. Our CPM-paid circulation for P4-CB is $14.54. Inc.'s is $63.05, Venture's is $56.36, and Nation's Business is $28.38. (Source: SRDS, April 27, 1984)

Call or write today for information on advertising in **KIWANIS** magazine.

Patrick Hatcher, Adv. Sales Mgr.
KIWANIS MAGAZINE
3636 Woodview Trace
Indianapolis, IN 46268
(317) 875-8755
TELEX/TWX 810-341-3471

INTRODUCING THE AT&T PERSONAL COMPUTER.

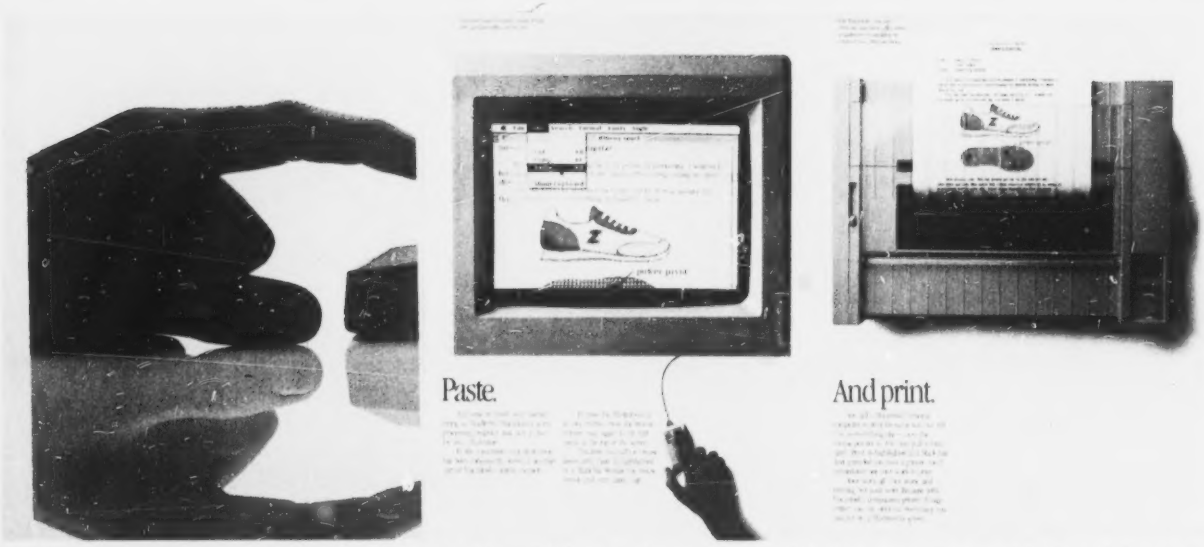


all found fault with a smaller than expected memory capacity and a childlike keyboard. IBM, eager to show flexibility, was quick to react: Expanded memory and a new keyboard quickly replaced the original. Similarly, the company found it needed to work more closely with its dealers. Where IBM had felt no need to market its products to dealers eager to get their hands on a sure-fire IBM hit, the unfavorable reception of the PCjr taught the company that it could not overlook its distribution channels.

Increased advertising support to cover the current introduction of the PC AT has ushered in a new era of closer ties with dealers. This group is being offered the $6,300 machine for a meager $2,500. Part of IBM's courtship is to soften the blow of 20% price cuts designed to make the machines more attractive to consumers. Although the cuts could cut into dealers' margins, Entré's Jim Edgette points out such adjustments are to be expected. "As new products are introduced," he explains, "the more mature technology is always priced accordingly." The fact remains that IBM's price cuts covered the current personal computer line, a move some analysts think IBM will repeat if this round doesn't discourage the competition enough. "There is no profit margin left for some of the compatibles to cut into," says Evan Moltz, director of micro services at International Data Corp. (IDC). "The companies with smaller shares of the market, with strictly IBM-compatible products, are going to start moving into the security of a Chapter 11."

IBM continues to blanket all media with the Charlie Chaplin character, whose ubiquitousness reflects IBM's stated strategy of "no specific target audience," for its PC line. Meanwhile, the company hopes to boost sales of the PCjr with a direct mail campaign targeted to 18 million potential consumers and has also entered into an agreement with P&G for a tandem sweepstakes. The company is also hoping that the revamped model will spur penetration in one market, where IBM has not, so far, been as aggressive as some of its competitors — the education system. IBM has a 21% share of the college market — some 3,000 institutions in the U.S. — but has only secured a 5% share of elementary and high schools.

The new AT model shares the Chaplin character's limelight, to the bewilderment of some. The AT, priced between $4,800 and $6,300, compared with the PC XT for $4,400 or the newly priced PC at $1,995, is more like the prototype of a serious business multiuser network than a simple extension of the personal computer family. The top-of-the-line model can link as many as three users, which, says a company spokesman, is the reason for the small business target. Most analysts, however, prefer to see this new computer as "the bottom end of the multi-user segment." Some believe that IBM released the model sooner than it would have liked, to get a toe-hold in that



Apple cornered the 'user-friendly' positioning with multiple page inserts that explain how easy the new MacIntosh is to use.

multi-user segment before introducing a more powerful model next year. Others fear that the AT will drive the XT and PC to an early grave, since the AT is not much more expensive.

Apple

The Cupertino, California-based innovator saw total market share slip to 24% of 1983 shipments from 11.2% in 1981, due to the renewed onslaught by IBM as well as the persistent presence of IBM compatibles. Unlike IBM, however, Apple has been more adept at penetrating other markets, balancing its commitment to the business and professional community with continuing attention to the home and education markets. Indeed, Apple's installed base of 200,000 personal computers, almost all in the II family, places Apple well in the lead in elementary and high schools with a 50% chunk of the market. Though Apple had not originally aimed toward the home market, the success of $1,300 models in the Apple II family convinces the company otherwise. Apple's 11% share in the home ranks it third, behind Commodore and Texas Instruments, which fire saled its products for as little as $50 when it abandoned the computer market last year.

Like IBM, Apple has been spending aggressively, though estimates of the total budget vary. Jack Godler of *Computer Advertising News* says that he is disappointed at the low volume of computer advertising he has seen so far this year, and he wonders whether Apple will really spend $100 million on ads or come in closer to the $35 million budget he is actually measuring currently. Indeed, he says the company spent only $6 million on television in the first quarter, including the futuristic spot introducing the $2,495 MacIntosh.

Director of marketing communications Jean Richardson is quick to point out that television expenditures tell only half the story — a tale Apple has spread widely with multiple-page inserts in general interest business publications, newsweeklies, and even *Sports Illustrated* and *People*. Apple has also used newspapers and, for promotions such as this fall's "Back to

He's part of Tulsa's affluent. And he looks for ways to spend his money in the Tulsa papers.

With one insertion of your ad in the morning Tulsa World and the evening Tulsa Tribune, you can reach Tulsa's MSA, where over half the readers have incomes of $25,000 or more.

Give Tulsa's big spenders something to spend their money on, through the medium where a prospering Tulsa looks to buy.

SOURCE: Belden CMS

Take this man's money.

TULSA WORLD The Tulsa Tribune

Two independently and separately owned newspapers represented nationally by Branham. Contact agent, Newspaper Printing Corporation at 315 South Boulder, Tulsa, OK 74103, 918 581-8510

School," radio. "We have to have a major presence in all media," she says. Spending, Richardson adds, is to be evenly split between the Mac and the II family.

Much of Apple's particular media mix — especially the heavy use of print — is a reaction to changing consumer buying habits. While the company is courting the more reluctant first-time buyer, the earliest Apple customers continue to trade up: 50% of Mac buyers were previous computer owners. But that first-time buyer, says Richardson, is definitely a harder sell: "That next tier isn't enthralled with the technology — but has a specific need. We give them more information because they are people who want to know a lot." Hence, she stresses, the long story Apple tells in its print inserts for the Mac, as well as the II family, including the new IIe portable.

One current weak spot for Apple is the paucity of business application software for its imaginative Mac machine. There is a wide range of programs available for the rival IBM PC's. "Mac's cute, and it's user-friendly,"

Tandy/Radio Shack markets the TRS-80 line of computers to schools, through print ads and catalogues.

says Liz Merton of the Gartner Group, "but what is its corporate utility?" Some programs for the Mac, designed by Microsoft, have come out this spring, but the long-awaited word processing program has been delayed past its original September schedule.

The company is not without its share of hardware problems, either. Lisa, the first model Apple introduced with the "mouse," a tabletop cursor, won rave reviews but was not able to capitalize on the momentum of its introduction due to shipping delays. Its sales have been a disappointment. Apple is now in the process of modifying its relations with dealers. Originally, the company had set up a network of national representatives to train the dealers, a system some observers felt diluted Apple's own influence over the dealers. As of October, the company had disbanded this network, because "it was not an efficient way to train dealers," according to Richardson.

Tandy/Radio Shack

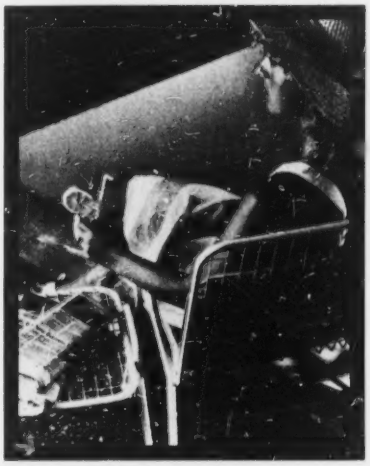
Third in the market with an installed base of 8% in the U.S. (10% worldwide) in the business and professional segment, and about 10% in homes, Radio Shack has, however, seen its share of shipments slip from 14.2% in 1981 to 4.6% last year, according to figures compiled by Dataquest. Part of the problem rests with the company's unique national network of stores. The outlets, which originally carried home electronics products under the company's brand name, now see 35% of sales volume coming from the entire TRS-80 line of computers. But the stores have not been as effective for selling computers as they were for moving stereos. Part of the reason is that computer buyers like to comparison shop — an impossibility in outlets that carry a single line. And computer buyers also look for a reassuring level of information and knowledge from their dealers some observers say they

She's worth a pretty penny. She's part of the high per capita income MSA that makes up Tulsa.

So if you're interested in advertising to Tulsa's big spenders, run in the Tulsa papers — the morning Tulsa World and the evening Tulsa Tribune. And to get a more-than-fair response, don't forget to include Tulsa's fair sex in your ads' target audiences.

Do Tulsa's women a favor. Give them something worth spending their worth on, through the medium where a prospering Tulsa looks to buy.

Take her for all she's worth.



TULSA WORLD The Tulsa Tribune

Two independently and separately owned newspapers represented nationally by Branham. Contact agent, Newspaper Printing Corporation at 315 South Boulder, Tulsa, OK 74103, 918 581-8510

haven't found in Tandy stores.

"Their market share is slipping worldwide," says Norm Dewitt of Dataquest, "partly because their sales force's solution to a problem with the computer is to suggest that you buy more Radio Shack products. And most people also shop in several stores — when the other chains are carrying a variety of products, it's more difficult to sell only your one brand."

Tandy is trying to change its tune by organizing a technically trained sales staff to seek out business — in sharp contrast to in-store personnel whose training is a minimal 100 hours. Yet the company still puts most of its media budget — 9% of computer sales or $85 million according to Radio Shack president Bernard Appel, but estimated by others to be half that — into television.

One area where Tandy has been a little more on target is education, where the company has garnered a 22% of schools and 13% of colleges.

Hewlett-Packard

Hewlett-Packard, long known as a company of engineers designing products for engineers, is emerging from its cocoon. The company has been one of the computer industry's strongest niche players with its strong share of the scientific community. A disappointing 4% overall share, however, has led the company to widen its sights, a move set off by a recent marketing overhaul. Hewlett-Packard is gearing up to market its product line, from the portable PC to the touch-screen HP 150, to the broad spread of American business.

One sure target are the large companies that have traditionally been a good prospect for H-P. But they also see the small business market as untapped. A $35 million advertising campaign is targeted at middle and upper management — up from about $5 million just two years ago. Last year's estimated $15 million went almost entirely into business publications. Not so this year — Hewlett-Packard wants to make sure that its "broad message" is widely heard. First-quarter expenditures of $3.6 million outstripped last year's total expenditures by 56%. Increased commitments to television are matched with more advertising in newsweeklies and general interest business press.

Advertising manager Bill Copeland admits the personal computer is getting more attention than it has in the past, and not only with increased advertising support. For the first time, Hewlett-Packard has combined its two distinct sales forces for the instruments and computer divisions. The goal, is to present an integrated line of H-P products.

Even though the company is reversing its long-standing strategy of playing to the niche it knows best, observers feel Hewlett-Packard's success in the scientific market will stand it in good stead for the new marketing orientation. As Ed White, an analyst with Salomon Brothers, explains, "Their experience with niche playing allows them to be flexible — to offer solutions to specific requirements."

Not everyone agrees. Jack Godler of *Computer Advertising Age*, points out that "each type of sale is some form of an individual sale."

Compaq

Newly settled into Houston headquarters, Compaq Computer Corp., the leading portable IBM compatible, is trying to increase its 4.5% of the market with a new line of desk-top computers, the Deskpro. Because Compaq sells uniquely through dealers, the company is working at staying on good terms with this group with packages and dealer incentives. While many independent dealers rely on the IBM PC line for as much as 60% of their sales, says IDC's Evan Moltz, many are also

He's got money to burn. He's part of Tulsa's MSA, where household income keeps on gushing higher than the nation's average.

And you can reach Tulsa's affluent by running in the morning Tulsa World and the evening Tulsa Tribune. In fact, one insertion delivers unduplicated adult readership of 283,000 in the Tulsa MSA.

Don't let Tulsans' money burn holes in their pockets. Give them something to buy, through the medium where a prospering Tulsa looks to buy.

SOURCE: Belden CMS

He's got oil kinds of money to spend.

TULSA WORLD The Tulsa Tribune

Two independently and separately owned newspapers represented nationally by Branham. Contact agent, Newspaper Printing Corporation at 315 South Boulder, Tulsa, OK 74103, 918 581-8510

Insure your success

Shoot for highest caliber insurance readership

To stay abreast of the very latest developments in their field, top insurance professionals consider National Underwriter to be "required weekly reading." Most subscribers read it cover to cover — including the ads. Readership scores are consistently high throughout each issue.

And the more than 40,000 subscribers respect National Underwriter for its accurate, insightful and comprehensive coverage. They pay full price to receive it and prove their loyalty with a healthy subscription renewal rate of over 80% — one of the highest of *any* publication!

Whatever goods and services you have to sell, you'll reach the right people at the right place at the right time by placing your advertising in National Underwriter, the leading insurance newsweekly. The caliber of our readership plus the high rate of renewal will reflect the real measure of your success in sharing the $20 billion insurance market. For more information, contact Ronald P. Bova, Adv. Mgr., The National Underwriter Co., 420 E. 4th St., Suite 621, Cincinnati, Ohio 45202 — telephone 513-721-2386.

The National Newsweekly of the Insurance Industry

national underwriter

looking for alternatives — which places Compaq in the catbird seat.

Compaq earned its place in history by becoming the first company to hit $111 million in sales in its first year — and was already past the $128 million mark by mid-year, a sign to many analysts that the company will weather IBM's price cuts better than most. The company isn't shy about spending some of that money: advertising is set at the $20 million mark, much of that behind Compaq's Deskpro series which competes with AT&T and IBM. The company is moving out of enthusiast and general interest newsweeklies and business publications for the first time this year, with net tv scheduled for the second half of the year.

"All our advertising," says spokesman Ken Price, "is pull-through, to get users into the dealers. The key to our success has been the dealer philosophy: establishing a solid base for the long-term and avoiding a conflict of channels that can lead to price erosion."

The company also prides itself on "true" compatibility which, explains Price, goes beyond compatibility with IBM's PC family. Where IBM's XT, PC and PCjr models aren't perfectly compatible with one another, Compaq's models are not only an accurate substitute for the industry standard but are also "progressive" so a user can easily trade up to the next since the whole line is internally compatible.

All this activity in the personal computer industry notwithstanding, some analysts wonder whether the PC itself is not becoming obsolete — in favor of some more powerful, more business-tailored technology. IBM's AT model, says Evan Moltz at IDC, "has completely changed the picture. While its niche is the small business marketplace, it is popularizing the idea of multi-users, of a network for medium and large size organizations to share expensive peripherals. It may redefine what a personal computer is."

Matt Mehan of Salomon Brothers sees selling tactics changing as well, with an emphasis on the corporation as a whole rather than the department. The companies, he says "are trying to sell a whole system, a network with tie-ins." Along these same lines is the growing link between the computer industry and telecommunications, where AT&T, still fresh to the computer market, is establishing its stronghold. The AT&T personal computer is one of many products the communications giant announced several months ago.

The target for AT&T's personal computer, says marketing manager Stu Mencher, is a multiple one: small businesses, either first time or additional unit buyers; larger organizations making a repeat purchase; and Fortune 2000 corporations seeking to use the personal computer in a multi-user environment. Like IBM, AT&T has set up several channels of distribution. A sales force reaches the larger organizations while contracts with 600 of an anticipated 900 "computer specific dealers" across the country cover the small businessman.

AT&T is marketing its personal computer in two distinct ways: as an integral system for the smaller buyer, and as an entry level product for clients the company hopes to sell its larger telecommunications and computer products to. "The personal computer," says Mencher, "is an entry into the data processing side. The next step is integrating with the Information System Network," a local area network that uses existing phone wires to connect individual units. To link these units, AT&T has come up with UNIX, an operating system already used in many colleges. "Our future," says Mencher, "is tied to UNIX."

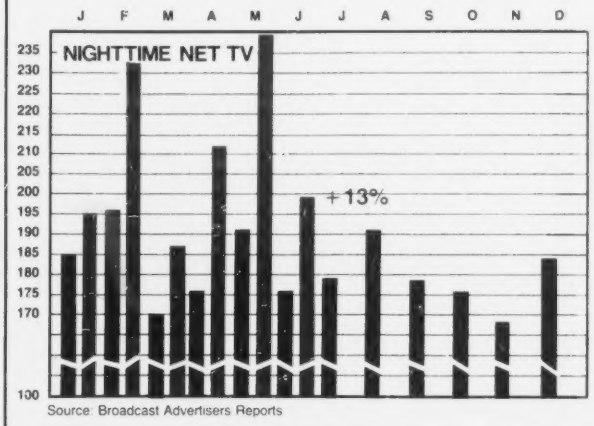
AT&T's advertising support for the personal computer is as thorough as the product line behind it. Television supports the entire product line announcement, made in July, with some spots, themed "the computer game," specific to the personal computer. In addition, AT&T is using radio, business press, co-op advertising with the dealers, and an 800 number. "We plan to continue the television advertising after the introductory phase, especially for the personal computer," comments Mencher.

AT&T's strategy is built around a future of voice/data integration. But whether the industry moves toward a new standard of networks or telecommunications, comments Ken Price of Compaq, the rules for survival will stay the same: "Keep your eyes on the road and watch the rear view mirror."

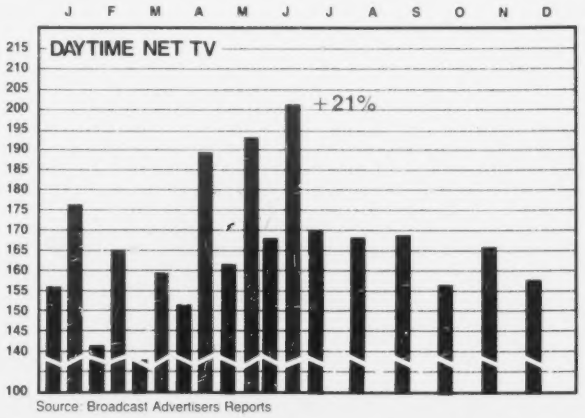
Laura Konrad Jereski

MEDIA COST INDEX

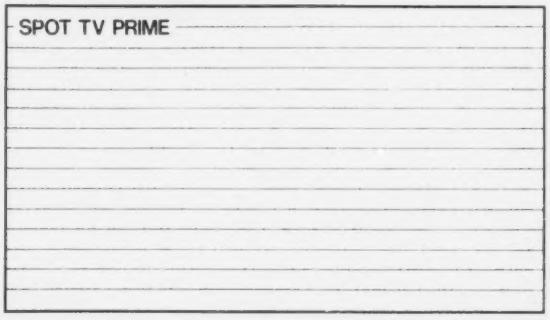
Black bars index for 1983; color bars 1984; base year 1977

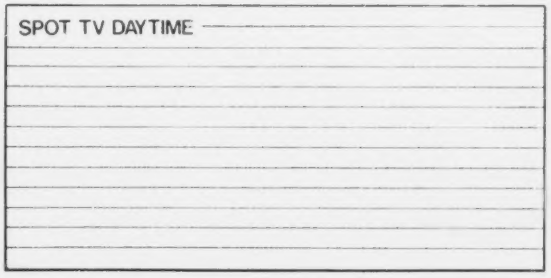


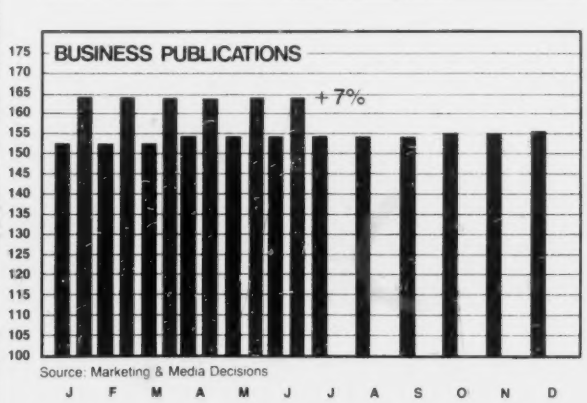
Source: Broadcast Advertisers Reports



Source: Broadcast Advertisers Reports







Source: Marketing & Media Decisions

At midpoint in the year, cost changes among the media represented in the *Decisions*' cost index show a mixed picture of rate-change activity.

Most print media are trending downward, but **newspapers** are in an upward mode. Now at +11%, the index has trended upward from +9% in January. On the downtrend are: **magazines** — up 7% for June and down from +9% in January; **national Sunday magazines,** now at +17%, are down from a high of +21%; **outdoor,** at +8%, is down from a high of +10% earlier; **business publications** have held at +7%, but they are now entering the new-rate-announcement period.

Network television continues as the most volatile with respect to rate changes. The decernable trend is definitely upward, but the magnitude of the increases changes radically from month to month. **Daytime network** came in at +21% for June, a little below its +25% in April, but well above the low of +12% in January. **Nighttime network,** while definitely up (13% for June), shows a pattern of dramatic variations from month to month.

Network radio continues at or near the zero-change point from last year. This is in contrast to **spot radio** which is up 20% in the first quarter.

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

Sources: **Nighttime Network TV** — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service. **Daytime Network TV** — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service. **Network Radio** — Cost per average 30-second radio announcement from BAR's Network Radio Service. **Spot TV — prime and daytime** — Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn. **National supplements** estimate based on published (rate cards) costs of a page, four-color for the national supplements. **Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe. **Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications. **Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising. **Spot radio** index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

MEDIA COST INDEX (continued)

Black bars index for 1983; color bars 1984; base year 1977